



ST
dm

VERMONT PUBLIC
SERVICE BOARD

State of Vermont
Department of Public Service
112 State Street
Drawer 20
Montpelier, VT 05620-2601
TEL: 802-828-2811

2007 MAY 14 PM 3:42

FAX: 802-828-2342
TTY VT: 800-734-8390
email: vtdps@state.vt.us
<http://publicservice.vermont.gov/>

May 14, 2007

5/21
on email chain
re BEA comments

Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street - Drawer 20
Montpelier, VT 05620-2701

Re: Petition of International Business Machines Corp. for Amendment or
Modification to the Commercial and Industrial Customer Credit Program
Administered by the Energy Efficiency Utility

Dear Mrs. Hudson:

This letter outlines the Department of Public Service's support for International Business Machine Corporation's (IBM's) Petition in the above-captioned matter seeking an amendment or modification to the Commercial and Industrial Customer Credit Program (C&I Program). The C&I Program was approved by the Board in Docket 5980. IBM's Petition requests that the C&I Program be modified or amended to allow participating customers access to 90% of the funds the customer has paid to the Energy Efficiency Utility (EEU), and to amend the definition of Qualifying Expense for retrofit projects to "amounts necessary to allow the customer to realize an estimated 12 month simple payback on the customer's portion of the project investment." The Department recommends approval of a modification or amendment to the C&I Program as outlined in IBM's Petition.

First, since the Board's approval of the C&I Program in 1999, IBM has been an active and effective participant in efficiency programs. The Department believes that it is consistent with Vermont's Electric Plan and is good public policy to encourage IBM toward more energy savings. IBM's proposal as set forth in its Petition should spur more efficiency projects at IBM.

Second, the EEU budget and charge have increased while administration of the C&I Program should not be significantly different. Under the current program, IBM can access 70% of the funds it paid to the EEU, and the other 30% was intended, in large part, for administration of the Program. Administration of the program appears to have been effective and efficient. Now that the amount collected from the EEU charge has substantially increased, 10% of the new charges still represent a healthy fund to administer the program.

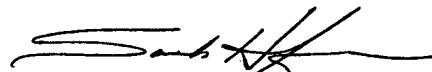


May 14, 2007

Third, the reduction in the payback period, should match more closely IBM's internal accounting and capital investment requirements, and thus make more projects attractive to IBM. Accordingly, with more projects being undertaken, more energy should be saved which is the point of the EEU.

In conclusion, IBM's proposed changes to the C&I Program should result in more energy efficiency being achieved while not significantly impacting the EEU administrative budget. Although IBM may realize immediate benefits in lower energy costs, all Vermont electric customers benefit as well from increased energy efficiency. For all the foregoing reasons, the Department recommends that the Board approve the Petition without hearing or investigation.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Sarah Hofmann', written over a horizontal line.

Sarah Hofmann
Director for Public Advocacy

cc: Leonard Singer, Esq.
Donald Rendall, Esq.
William Ellis, Esq.